



AUDIT & RISK COMMITTEE MINUTES – 20 DECEMBER 2021 WEST WIMMERA SHIRE COUNCIL

TO BE HELD: Monday 20 December 2021

LOCATION: Edenhope Council Chamber
49 Elizabeth Street, Edenhope and via Microsoft Teams video conference

COMMENCEMENT: 11:09am

REQUIRED TO ATTEND:	
Committee Members	Senior Management/Officers
Mick Jaensch (Chair) Andrew Johnson Monica Revell Celeste Gregory Cr Bruce Meyer Cr Jodie Pretlove	David Bezuidenhout Chief Executive Officer James Bentley Director Corporate and Community Services Vin McKay Interim Director Infrastructure Development and Works Melanie Jordan Chief Financial Officer Phillip Gillin Occupational Health, Safety and Risk Coordinator Katie Frost Governance Coordinator
External Parties	
Kathie Teasdale – RSD Audit Paul Harrison – RSD Audit	
Optional Attendance - Observer	

Vision Statement: Our West Wimmera communities are healthy, thriving, diverse, harmonious, prosperous and self-sustaining, with regional and global connectivity



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WELCOME AND APOLOGIES

Welcome to James Bentley, newly appointed Director of Corporate and Community Services and Katie Frost, Governance Coordinator.

Apologies

Cr Jodie Pretlove
Kathie Teasdale – RSD Audit

DECLARATION OF CONFLICTS OF INTEREST

Nil

BUSINESS

1. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

Minutes of the previous Audit and Risk Committee meeting were provided for member's information and confirmation.

Moved: Andrew Johnson

Seconded: Celeste Gregory

That the Minutes of the Audit and Risk Committee Meeting held on 28 September 2021 as circulated be taken as read and confirmed.

Carried Unanimously

FINANCIAL REPORTING

2. 2020-21 ANNUAL REPORT

The 2020-21 Annual Report was prepared and included the audited Financial Statements and Performance Statement in accordance with the *Local Government Act 1989* (the Act).

Council resolved to receive and consider the Annual Report at its meeting held 15 December 2021 fulfilling its requirements under the Act. The final 2020-21 Annual Report was presented to the Audit and Risk Committee for information.



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Moved: Monica Revell

Seconded: Celeste Gregory

That the Audit and Risk Committee receive and note the 2020-21 Annual Report as submitted to the Minister for Local Government and considered by Council.

Carried Unanimously

3. QUARTERLY BUDGET REPORT AS AT 30 SEPTEMBER 2021

Council's Quarterly Budget Report for the period ended 30 September 2021 was provided to the Audit & Risk Committee for information.

Moved: Cr Bruce Meyer

Seconded: Celeste Gregory

That the Quarterly Budget Report as at 30 September 2021 be received and noted.

Carried Unanimously

4. DRAFT 2022-23 BUDGET SCHEDULE

Council is required to prepare and adopt a budget for each financial year and the subsequent three financial years by 30 June. A draft 2022-23 budget schedule was provided to the Audit and Risk Committee to provide feedback as to the appropriateness of the target dates and proposed consultation periods.

M. Jaensch stated that from the perspective of the Audit and Risk Committee, the draft budget schedule appears to be sound. From a personal perspective, it appears to be a lot more streamlined than previous schedules. Question was raised regarding Capital Works and the timing of the discussion which seems to happen ahead of Council Meeting as Council is not normally involved in operational budgets. Cr Bruce Meyer outlined the process and challenges presented.

M. Jordan explained that there had been many changes over the past two years. Normally the budget would be open to the public to seek submissions, however Council has introduced an Innovation Platform as an alternative process. In future, Managers will present their budgets to the May Council Meeting.



Moved: Andrew Johnson

Seconded: Monica Revell

That the draft 2022-23 budget schedule be received and noted.

Carried Unanimously

EXTERNAL AUDIT

5. FINAL MANAGEMENT LETTER ISSUES – UPDATE

The Victorian Auditor General's Office (VAGO) undertook an annual audit on Council's finances and operations. An Audit Management Letter was sent to Council and highlighted risks in relation to Council's control systems.

It is noted that only one point was raised in regards to previous DCCS still being listed as a signatory with one financial institution. This issue was rectified as soon as Council was informed by the auditors however it highlighted the need for stronger off boarding processes when staff leave.

There is an issue around excessive annual leave for around 18 employees. Management need to ensure that leave plans are in place.

There is work to be done around the IT control environment which has been held up with the RCCC Project. Council hopes to produce a draft strategy for the IT Control environment by the end of June. The independent audit has been very helpful in this area.

Council's asset register needs to be improved as part of new finance system.

Discussion around where records are stored and also the need to manually account for depreciation which has been held up with the new finance system.

Monica Revell wanted clarification as to how Council plans to rectify the issue around excessive leave as the original aim was to have plans in place by June. M. Jordan stated that each staff member will need to be looked at individually and a plan made to enable them to take leave. Staff have excessive TIL and RDOs which also need to be used. It will be up to managers to come up with something realistic. Council does not currently buy out leave. EBA has just been adopted but it needs to be checked as to what it outlines in relation to paying out of annual leave. Continuity is a real issue as it is difficult for crucial staff member to be away for too long.

There has been some significant changes of late. Congratulations to staff at WWSC for doing such a good job.



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David Bezuidenhout joined the meeting at 11.41pm.

Moved: Celeste Gregory

Seconded: Andrew Johnson

That the Audit Committee receives the Summary of Final Management Letter Issues Update Report for information.

Carried Unanimously

INTERNAL AUDIT

6. INTERNAL AUDIT UPDATE

Paul Harrison commented on recent report plus Attachment 6.2 – proposed Annual Plan 2022 for projects to be undertaken and that given current state this would be appropriate. Feedback has been received for two more project scopes and a general review of financial controls. The IT audit will suffice in this area and child safe standards are not seen as a priority at this point in time.

It is proposed that the next two internal audits to be scoped should be Contract and Procurement and General Financial Controls.

Moved: Celeste Gregory

Seconded: Andrew Johnson

That the Audit Committee receives update on the internal audit program.

Carried Unanimously

7. INTERNAL AUDIT RECOMMENDATIONS – UPDATE OF ACTIONS

M. Jordan outlined the most recent internal audits which were undertaken. Records Management has been highlighted as an ongoing concern and Council has formally aligned with other councils to investigate a new system such as Ave Point/Share Point.

David Bezuidenhout stated that Council has a new structure in place with functional management areas of council. There is now a specific Quality Manager role to develop the quality assurance plan. Each management area will have clear guidelines with parent and child risks. There is a lot of work to take place over the next six to twelve months which will improve our governance and how we do our quality assurance.



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Moved: Monica Revell

Seconded: Andrew Johnson

That the Audit and Risk Committee receives the Internal Audit Recommendations – update of Actions Report for information.

Carried Unanimously

RISK MANAGEMENT & INTERNAL CONTROLS

8. OHS & RISK MANAGEMENT UPDATE

Council's current Risk Register along with the management reports for the Risk Management Committee and Occupational Health and Safety (OHS) Committee were provided for members' information.

There has been a drop off in Incident Reporting in the last quarter due to Covid19 and staff working from home. Council has just released bar code and Elumina showed an increase in the last week.

Committee thanked P. Gillin for his comprehensive report and requested incident report be added to the list. Attachments are to be sent individually – item to be added to the Audit Committee actions list.

Moved: Monica Revell

Seconded: Andrew Johnson

That the Audit and Risk Committee receives the report on Risk Management and OHS for information.

Carried Unanimously

9. WWSC CREDIT CARDS

Statements from the CEO's credit card along with a quarterly report detailing the usage by cardholder and by expenditure type were provided for the Committee's information. Quarterly reports were also presented for the period 5 August 2021 – 4 November 2021 detailing the usage by cardholder and by expenditure type.



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Moved: Cr Bruce Meyer

Seconded: Monica Revell

That the Audit and Risk Committee notes the use of Council Credit Cards.

Carried Unanimously

10. COUNCILLOR AND CEO REIMBURSEMENTS

Councillor and Chief Executive Officer reimbursements were provided for Member's information, in accordance with s.40(2) of the *Local Government Act 2020*.

Clarification needed around whether there is a time limit for when Councillors and staff can put in claims. Reminders should be given if they are not adhering to that.

Moved: Cr Bruce Meyer

Seconded: Monica Revell

That the Audit & Risk Committee receive the report on Councillor and Chief Executive reimbursements

Carried Unanimously

11. PROCUREMENT POLICY

Interim DCCS outlined the new Procurement Policy which includes new requirements of the Local Government Act 2020. The next step will be to bring it to life within the organisation and training will take place in the new year.

Feedback from committee: policy is silent on the period of time costs can build up. A new Contracts and Procurement Manager has just been appointed so will be great to have fresh eyes in this area.

Moved: Andrew Johnson

Seconded: Monica Revell

That the Audit and Risk Committee receive and note the Procurement Policy.

Carried Unanimously



12. FRAUD & CORRUPTION CONTROL POLICY

Council's Fraud and Corruption Control Policy was adopted by Council on 18 June 2020 and is due for review in March 2022. The Audit & Risk Committee were asked to give feedback to this policy for the next review.

M. Jaensch stated that policy looks quite sound and queried what actions would be carried out in relation to the Fraud Control Plan. There would also need to be staff training and awareness undertaken.

Moved: Cr Bruce Meyer

Seconded: Andrew Johnson

- 1. That the Audit and Risk Committee receive and note the Fraud and Corruption Control Policy.**
- 2. That Council seek investigation into the Control Plan that sits under the Fraud and Corruption Policy.**

Carried Unanimously

13. INDEPENDENT AUDIT INTO INFORMATION TECHNOLOGY

In line with Council's IT Services contract expiring early in the new year and a tender process to be undertaken, Council recently engaged Dynamic Business Technologies (DBT) to conduct an independent audit into the current information technology environment.

The main 'at-risk' areas have been outlined on page 14-17 of the report, with areas of concern including out-of-date and/or out-of-warranty hardware, lack of email encryption or filtering, mobile device management, security risks, IT support requirements of WWSC and BCP issues.

Audit committee to have a watching brief on this. A regular update should be provided with a report to the March or June Meeting. It is crucial to rectify the most dangerous matters and significant risks.



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Moved: Andrew Johnson

Seconded: Celeste Gregory

1. That the Audit and Risk Committee receives and note the independent audit report into IT.
2. That a report be presented to the March or June Meeting to outline how significant risks will be addressed.

Carried Unanimously

AUDIT & RISK COMMITTEE ACTIONS AND GOVERNANCE

14. AUDIT COMMITTEE MEETING ACTIONS UPDATE

The Audit Committee recommends particular actions to Council and management from time to time with an aim of improving governance and accountability.

It is important that the Audit Committee follow up on the progress of any recommendations it has made to ensure that Council maintains a sound governance and internal control framework.

Moved: Cr Bruce Meyer

Seconded: Monica Revell

That the Audit and Risk Committee receives the report on Audit Committee actions update for information.

Carried Unanimously

15. AUDIT & RISK COMMITTEE WORK PLAN

Part of providing effective oversight to Council activities by the Audit & Risk Committee (the Committee) includes the schedule of regular activities to be reviewed by the Committee.

Risk Management Compliance Framework – how is organisation complying. Delegations, Policy tracker and legislative compliance document to be investigated and presented to the March 2022 meeting.



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Moved: Andrew Johnson

Seconded: Monica Revell

That the Audit and Risk Committee receive and note the annual work plan.

Carried Unanimously

16. AUDIT & RISK COMMITTEE ANNUAL SELF-ASSESSMENT

In carrying out its duties as an advisory committee to Council, it is crucial that the Audit and Risk Committee routinely self-assess its performance and report such assessment back to Council. In accordance with the charter, the Audit and Risk Committee must complete a self-assessment of its performance annually. A survey was distributed to members.

Following self-assessment being presented to Council, a subsequent report confirming this has gone to Council is to be prepared for the next Audit Committee meeting along with an extract of the Council meeting minutes.

Moved: Celeste Gregory

Seconded: Andrew Johnson

That the Audit and Risk Committee endorses the report on Audit and Risk Committee self-assessment.

Carried Unanimously

17. AUDIT & RISK COMMITTEE CHARTER REVIEW

Per the requirements of the current Charter, the committee must annually review the Audit Committee Charter and request Council approval for any proposed changes.

The reviewed Charter was subject to minor editorial changes but has not undergone any material changes. The committee was asked to review this Charter and propose any further changes.

The endorsed Charter will be tabled at the next Council meeting along with the minutes from this meeting. Suggested changes to the draft Charter as presented are as follows;

- A lot of charters have a maximum term for members of 6 or 9 years.
- Each member must be independent (not should).



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- More reference to wording of the Act. Ensure Council policies meet overarching requirements of Act. Clause to be reviewed.
- 5.2 – Audit and Risk Committee cannot approve Charter – this must be approved by Council

Moved: Andrew Johnson

Seconded: Monica Revell

That the Audit and Risk Committee review and endorse the 2021 Audit and Risk Committee Charter for the approval of Council.

Carried Unanimously

18. PROPOSED ANNUAL MEETING SCHEDULE FOR 2022

As outlined in the Audit and Risk Committee Charter, the committee must meet at least four times per year, with authority to convene additional meetings as circumstances require. To assist with planning, a proposed meeting schedule for the following 12 month period was developed and provided for members consideration and feedback.

Committee agreed that the March Meeting be changed to the 5 April 2022 to allow for attendance by all members.

Moved: Monica Revell

Seconded: Andrew Johnson

That the Audit and Risk Committee endorse a meeting schedule for the 2022 calendar year which is to include the March Meeting to be changed to 5 April 2022.

Carried Unanimously

GENERAL BUSINESS

Cr Bruce Meyer would like to see Council review their Governance Rules in relation to Questions from the public. Concerns around the December Council Meeting were highlighted and changes should be made to avoid this happening again. Changes could include questions being submitted in writing 24 hours in advance, time allowance of three minutes per person so we are consistent with other councils.

Mick Jaensch thanked the Committee for their work and wished everyone a great Christmas and looks forward to seeing everyone in the new year.



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MEETING CLOSED: 12.40PM

NEXT MEETING DATE: 5 APRIL 2022